



The President's Daily Brief

12 March 1973

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~~*Top Secret*~~

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USSR

The Soviets clearly will need to import Western grain during 1973, even with normal weather for the rest of the growing season.

This year's crop is off to a poor start. The area sown to winter grains was a fifth less than planned because of excessively dry soil, and the crop has been exposed to above-normal winterkill.

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This could grow considerably if:

--the spring sowing is below par

--the weather fails, or

--they stick to their original plan to increase livestock products.

A deficit over five million tons will probably force the Soviets to buy US grain. Above that figure dependence on US supplies will increase rapidly.

TOP SECRET

EYES ONLY FOR THE PRESIDENT

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LATE ITEM

As of 5:30 AM (EST) returns from 90 percent of the votes cast in the Argentine election show the Peronist presidential candidate, Hector Campora, receiving more than 48 percent of the vote. His main rival, Ricardo Balbin of the Radical Party is far behind with about 21 percent.

The atmosphere at army headquarters is described as tense. Some senior officers believe Campora can achieve the necessary 50 percent that he needs to win without a runoff election.

Military officers will reassess their position today after the count is completed.

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there will be strong pressures on President Lanusse to prevent the Peronists from taking power.

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PRINCIPAL DEVELOPMENTS

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Arab terrorists

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Six Common Market states agreed to a joint float of their currencies yesterday. (Page 2)

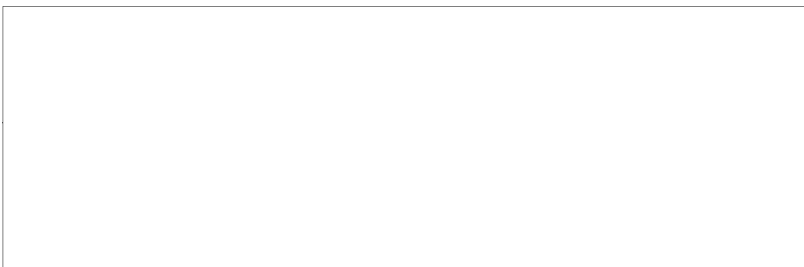
President Pompidou's coalition has won a clear victory in the runoff elections in France. (Page 3)

The South Vietnamese Government and the Viet Cong are preparing for protracted negotiations in Paris beginning next Monday. (Page 5)

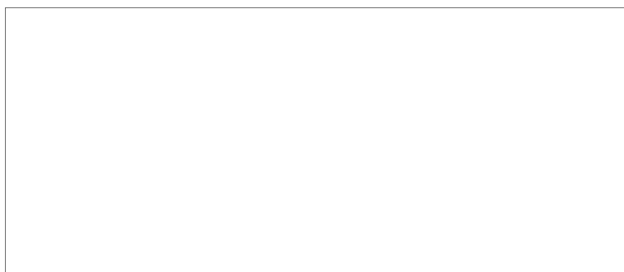
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ARAB TERRORISM

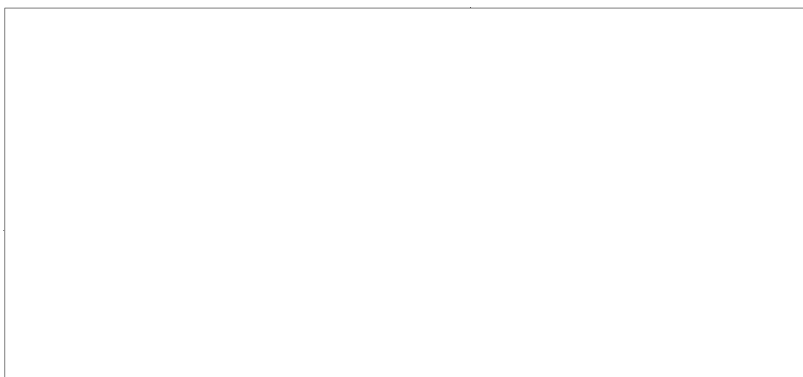


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INTERNATIONAL MONETARY DEVELOPMENTS

Finance ministers of six EC states--West Germany, France, Denmark, Belgium, Luxembourg, and the Netherlands--agreed yesterday to jointly float their currencies against the dollar as of 19 March. Meanwhile, the participating six will create a \$10-billion common reserve fund to support the float. Bonn will provide the bulk of the fund. The EC will present its plan at a meeting of industrial nations in Paris on Friday.

Bonn announced last night a three-percent revaluation of the mark relative to its partners in the float. This action, which also is to take effect next Monday, probably paved the way for French participation. Paris originally had demanded the participation of the UK in the joint float in order to prevent too rapid an appreciation of European currencies. Revaluation of the mark will help serve the same purpose.

The UK, Ireland, and Italy, the other EC members, already are floating their currencies and will continue to do so independently. London's conditions for entering the joint float were deemed too expensive by the other Europeans. The ministers agreed, however, to study ways to help the British, Irish, and Italians, to participate.

Meanwhile, the Danish finance minister said he expected Sweden, Finland, Norway, Austria, and Switzerland to enter the joint float.

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FRANCE

Almost complete results give President Pompidou's Gaullist coalition a clear victory in the final round of parliamentary elections yesterday. The governing coalition has 256 of the 490 seats, and 46 percent of the votes. Pompidou can also expect the votes of 15 independents who ran in support of the coalition.

This means the coalition can continue to govern alone, without the help of Reformists. The Reformists have 28 seats and a good chance to pick up two more, thus gaining the minimum necessary for the status and privileges of a formal parliamentary group.

The left alliance garnered only 181 seats, even though it polled 46.8 percent of the votes.

This result was due to careful government gerrymandering. Most leftist deputies represent heavily populated urban districts. The disappointing showing by the leftists could cause the alliance to fall apart, particularly if Socialist leader Mitterand concludes that he must change his strategy in preparation for his 1976 presidential race against Pompidou.

A heavy voter turnout of over 80 percent helped the government.

In France, leftists have frequently voted in large numbers, while less disciplined voters have not. Yesterday, the centrist and uncommitted voters came out in force to support the Gaullists and their partners.

Such voters appeared to be responding to the choice between "Marxist Communism and freedom" posed by Pompidou on election eve. In the same speech, Pompidou also promised "bold social reforms" if his government was returned, and the response of the voters may indicate the depth of popular discontent.

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Pompidou will make measured changes. Foreign Minister Schumann and Justice Minister Pleven lost their seats in the assembly and their cabinet status is in doubt. Some Reformists may be brought into the government to help dilute the influence of hard-core Gaullists who oppose domestic reforms.

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VIETNAM

The South Vietnamese Government and the Viet Cong are preparing for difficult and protracted negotiations in Paris beginning on 19 March. []

[] President Thieu has told his top negotiator, Nguyen Luu Vien, that he wants the conference to arrange elections as called for in the cease-fire agreement. Thieu believes, however, that the two sides will take decidedly different approaches to elections. The Communists will be seeking to install a new constituent assembly and a new constitution through elections, while the government will attempt to ensure that any voting is held within the framework of the present constitutional system.

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Prospects for a quick resolution of these basic differences are slim.

Serious problems may also arise concerning the formation of the Council of National Reconciliation and Concord. According to Foreign Affairs Minister Tran Van Lam, the government does not recognize the third segment of the council as a neutralist or independent entity; rather, it believes the council must be composed of an equal number of pro-government and pro-Communist supporters. Lam said that he and the main Viet Cong negotiator at the preliminary talks in Paris had agreed on such a decision, but that Madame Binh was said to have been "very angry" when she heard about it and insisted on the inclusion of independents.

Thieu has ordered the South Vietnamese delegation to approach the talks in a spirit of reconciliation. The Viet Cong are to be treated as "younger brothers" who have lost their way and are now being brought back into the family. The delegation should try to divide the Viet Cong from Hanoi by convincing the Communists' delegation that the conferees are "all South Vietnamese" and can work together without the Northerners.

The Viet Cong evidently plan a similar strategy. According to one of their officials in Paris, they believe that differences between Washington and Saigon can be exploited, and will do their best to encourage frictions that could lead the US to withdraw its aid from Saigon.

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[redacted] the Viet Cong are somewhat discouraged about prospects for gaining international recognition as a legitimate "government" of Communist-held areas of South Vietnam. Moscow's opposition to Viet Cong representation at the UN no doubt is a major source of such discouragement.

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In South Vietnam, the Viet Cong are working to back up their negotiators in Paris. [redacted]

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[redacted] In some areas, the Communists plan to offer funds and equipment to help new settlers make a living, and in other areas they plan to stress land reform and redevelopment.

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The magnitude and extent of resources the Communists are putting into such efforts are not yet apparent. Over the short run, at least, the Viet Cong are not likely to have the resources to develop a program of sufficient scope to achieve much popular impact.

[redacted] the Communists are trying--with some success--to get people to move into their zones with an eye to future elections.

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NOTES

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Italy-USSR: Italian Communist Secretary-General Berlinguer has arrived in Moscow for a discussion of "party-to-party business" with the Soviets. One likely topic is the effort of the Italian party in recent months to promote close consultation and coordination among the Communist parties of the European Communities. It is doubtful that the Soviets would welcome a regional grouping of Communist parties, since it would tend to enhance their independence from Moscow. The Soviets probably also look askance at Berlinguer's interest in closer ties with non-Communist parties of the left such as the West German Social Democratic Party. Senior Kremlin ideologist Suslov implied as much in his address to the French Communist Party congress last December.

Japan-Peru: The state-owned Japanese Petroleum Development Corporation has reached preliminary agreement to lend \$330 million for the construction of an oil pipeline to link Peru's Amazon basin fields with the Pacific coast, according to the Peruvian Government. Occidental Petroleum is jointly developing the Amazon oil resources with the government-owned Petroperu, and several other US firms are exploring for oil. The proposed loan is related to the Japanese oil industry's effort to expand and broaden its sources of supply. Tokyo linked its recent loans to Indonesia with a long-term purchase commitment and may want to do likewise in Peru.

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